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UNCLAS SECTION 01 OF 02 HO CHI MINH CITY 001258

SIPDIS

SENSITIVE

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TAGS: [ECON](#) [EAGR](#) [SENV](#) [PGOV](#) [SOCI](#) [VM](#) [AFLU](#)

SUBJECT: RECURRANCE OF AVIAN FLU IN VIETNAM - WHERE'S THE CHICKEN?

**¶1.** (SBU) SUMMARY: Both price and availability of poultry in southern Vietnam declined sharply during a five-month period following the March outbreak of avian flu, despite government efforts to reassure the public that avian flu is "under control." Vietnam has not replenished stocks of poultry and eggs from the widespread culling that occurred during the first outbreak of avian flu in December 2003, and farmers in the Mekong Delta have reportedly stopped raising chicken altogether. As southern Vietnam has a significant poultry market, declining prices and scarce supply have suggested public concern about avian flu and avoidance of poultry. During the past month, however, chicken prices in Hanoi, as well as in Ho Chi Minh City, have stabilized and in some cases risen slightly. END SUMMARY.

**¶2.** (SBU) According to widespread media reports, since Vietnam was proclaimed free of bird flu in March, 17 percent of the country's fowl population has been destroyed, equal to 43.2 million poultry in 57 out of 64 localities and a loss of VND 1.3 trillion (\$83.3 million). International media sources were the first to report on fresh outbreaks of avian flu this summer and were the only consistent sources until August. Local English language publications did not report any confirmation about avian flu from the Vietnamese authorities, or on any GVN response to avian flu, until August, at least three months after the recurrence of outbreaks. Additionally, there was no media reporting on the avian flu recurrence in the Vietnamese language press until the end of July.

**¶3.** (SBU) Government pronouncements reported in the national media have not been consistent. During a working meeting with the FAO on July 14, the Director of Vietnam's Department of Animal Health (DAH), Dr. Bui Quang Anh, reportedly stated that there had been no new cases of bird flu in Vietnam since March 30. Yet on July 19 the DAH and the central government announced that an early July outbreak was "under control". Shortly after the July 19 announcement, major newspapers carried front-page articles warning that avian flu had returned (from July 30 - August 2). The media also reported that avian flu was again becoming a big concern, as the number of people reporting bird flu symptoms rose in localities having infected chickens.

**¶4.** (SBU) Vietnamese media have been fairly muted since the initial July 19 announcement. Newspapers now carry remarkably similar reports, quoting the same sources of information. Not until August 13 did a major Vietnamese publication (Thanh Nien) carry the headline "Government confirms bird-flu returns." Only a limited number of government officials are allowed to answer the press on the topic of avian flu. ConGen media contacts claim that the GVN decided to follow Thailand's approach in dealing with the current avian flu outbreak. In their view, Thai authorities downplayed last year's outbreak and Thailand's tourism industry suffered little while tourism to Vietnam fell sharply. However, Dr. Bui of DAH warned the population at a September 1 press briefing in Hanoi that the HN51 virus could linger in the environment for at least five years after a fresh outbreak, adding that the flu could erupt again "anywhere", although he also announced that the current outbreak could soon be declared "under control".

**¶5.** (SBU) Since the first avian flu outbreak both the supply and price of chicken have dropped substantially. According to a report by the World Bank in Vietnam, "The Impact of the Avian Influenza Epidemic on the Vietnamese Economy," the price for a chicken was roughly VND 45,000 before December 2003. Recent ConGen spot checks at local high-end markets indicate a price of around VND 30,000. On September 17 and October 7, Econoff spoke with an expatriate retail grocer who sources chicken locally. According to the grocer, six months ago a whole chicken was priced at VND 78,000; currently, the grocer pays VND 35,000/chicken. Additionally, prior to avian flu this grocer sourced from only one local supplier. Now the company sources from two or three suppliers due to short supply. However, a wholesale supplier reported to HCMC Econoff on October 7 that wholesale chicken prices, which had also been declining, have gone up seven percent in the past month -- a phenomenon also observed for chicken prices in Hanoi during the same period.

**¶6.** (SBU) Econoff also spoke with a local catering business about the price of poultry, as well as the price of beef, pork and fish. While chicken still remains a popularly requested menu item, the catering company reported paying a retail price around VND 30,000/kilo. The prices of beef, pork, and fish, however, have

risen in the past six months: beef from VND 55,000/kilo to VND 65,000/kilo; pork from VND 27,000/kilo to VND 35,000/kilo; catfish from VND 30,000/kilo to VND 38,000/kilo; and black mullet from VND 24,000/kilo to VND 30,000/kilo.

17. (SBU) Poultry and poultry products are becoming far less common even in popular markets such as Ho Chi Minh City's Ben Thanh Market. Falling demand and prices in recent months, combined with a fear of contracting the illness seem to be causing farmers to get out of poultry. ConGen media sources report that only a handful of markets and supermarkets in HCMC are currently allowed to sell chicken meat. (NOTE: According to the Ministry of Agriculture in Hanoi, poultry meat is allowed to be sold throughout the country in both open markets and in supermarkets, but cities and provinces may implement their own regulations regarding the sale of poultry meat. END NOTE.)

18. (SBU) COMMENT: In southern Vietnam, scarcity of poultry, declining poultry prices over a period of months, and mixed official media signals suggest a continuing public anxiety over avian flu and the difficulty the government has faced in assuaging that anxiety. Recent reports of stable or increasing prices indicate that the local market may finally be correcting itself by matching diminishing supply with price increases. END COMMENT.

WINNICK